

BERNSTEIN GLOBAL STRATEGIC VALUE
GLOBAL EQUITY: MSCI ACWI BENCHMARK

FOR THE MONTH OF: **SEPTEMBER** **2008**

MANAGER PERFORMANCE CALCULATIONS

	Last <u>Month</u>	Last <u>3 Months</u>	Last <u>1 Year</u>	Last <u>3 Years*</u>	Last <u>5 Years*</u>
Bernstein GSV	-17.99%	-24.05%	-37.75%	-2.97%	
MSCI ACWI	-12.50%	-16.61%	-26.87%	1.29%	
Russell 3000	-9.40%	-8.73%	-21.52%	0.26%	

* Annualized returns

PERFORMANCE ATTRIBUTION & STRATEGY COMMENTS

Market Overview. Global equities, as measured by the MSCI World in US dollar terms, declined 1.4% during August. In local-currency terms, the MSCI World rallied 1.2%, driven by moderating oil prices, better-than-expected economic data and corporate earnings, and appreciation of the US dollar. Initially, markets moved lower on negative economic reports and earnings results, but stocks rebounded after the US Federal Open Market Committee left interest rates unchanged at 2.0% and oil dipped below \$115 per barrel. A series of positive company earnings results also buoyed the market. Nevertheless, investors were concerned about a global economic slowdown and the military conflict in Georgia. Near month end, however, these fears subsided amid positive economic reports in Japan and the US. Sectors returns were mixed during the month. Industrial commodities and financials underperformed most. Consumer cyclicals and consumer staples shares, on the other hand, held up best. The US dollar appreciated against all major currencies as investors became concerned about slowing growth outside the US and oil prices fell. **Impacts on Performance.** In August, before fees, the portfolio underperformed its benchmark due to negative sector and security selection. Our overweights in industrial commodities and underweight in consumer cyclicals, as well as stock picking in the finance sector, detracted from returns. Financial shares detracted from relative returns in August. A larger-than-expected quarterly loss and broker downgrade weighed on shares of insurer AIG. US Government-sponsored enterprise Fannie Mae retreated after reporting a second-quarter loss and significantly cutting its dividend. Near month end, the mortgage lender restructured management to help restore investor confidence. Other negative factors during the month were Japanese holdings ORIX, Sumitomo Mitsui Financial and JFE Holdings. Broadly speaking, Japanese financials weakened after the Bank of Japan cut its outlook on the economy and as concerns grew about their exposure to the small and medium enterprise and real-estate markets. Contributors included Royal Dutch Shell, Stora Enso and Royal Bank of Scotland. Royal Dutch Shell held up better than other integrated energy companies following second quarter results that were above consensus for revenues, but lower on profitability. Higher crude oil prices bolstered the upstream business but dampened the refining and marketing operations. Share buybacks and official approval for a Canadian acquisition were also well received by the market. A recovery in paper and packaging stocks buoyed shares of Finnish paper and board manufacturer Stora Enso after rival Mondi reported better-than-expected first half results. Royal Bank of Scotland gained as UK banks recovered slightly during the month despite a continued down turn in the housing market. **Outlook.** Our research and experience as value managers have taught us to keep portfolio risk proportionate with the value opportunity we identify. After a lengthy period of compression, valuation spreads have widened. We continue to take advantage of investor overreaction to economic and industrial stresses, using our deep research capabilities to seek out investment opportunities arising from current market volatility.

ORGANIZATIONAL/PERSONNEL CHANGES

Firmwide, six portfolio managers, twelve fundamental analysts, and one quantitative analyst were gained. Four portfolio managers, eleven fundamental analysts and one quantitative analyst were lost. AllianceBernstein personnel changes are tracked on a quarterly basis. Personnel gains and losses include internal transfers. Data as of 2Q08

ACCOUNT TURNOVER

Gained:	Number of Accounts:	3	Total Market Value (\$m):	\$ 586.9
Lost:	Number of Accounts:	2	Total Market Value (\$m):	\$ 234.5
	Reason(s):	Bernstein is a publically held company and cannot disclose non-public information such as Accounts Gained and Lost until it is released to the public. 2Q08 data above.		

MANAGER STYLE SUMMARY

Bernstein is a research-driven, value-based, "bottom-up" manager, whose process is driven by individual security selection. Country allocations are a by-product of the stock selection process, which drives the portfolio country over and under weights. They invest in companies with long-term earnings power, which are undervalued due to an overreaction by the market. This value bias will result in a portfolio which will tend to have lower P/E and P/B ratios and higher dividend yields, relative to the market. The Global Strategic Value product is a concentrated global equity portfolio, and as such, may experience more volatility relative to the market.

